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PUBLIC UTILITIES
COMMISSION

July 10, 2008

Honorable Charmaine Tavares
Mayor of Maui County
200 South High Street
Wailuku, Hawaii 96793-2155

By FAX: (808) 270-7870

Dear Mayor Tavares,

The Chairman, Tan Sri Quek Leng Chan, is in receipt of your letter dated July 7 concerning the Molokai utilities. He has asked that I reply on his behalf as he is not conversant on the matter.

I refer you to the June 13 letter from the State of Hawaii Public Utilities Commission (PUC) to your office. This letter is very specific in its direction to the County of Maui and to you as Mayor concerning the utilities, namely Wai'ola O Molokai, Molokai Public Utilities, Inc, and Mosco, Inc.

The letter states:

"As it is the County's responsibility to ensure that its citizens have access to basic water and wastewater service, the Commission urges the county to act expeditiously to do what is necessary to acquire the water and wastewater systems.

".....we ask that the county be ready to take these systems over when the utilities eventually discontinue providing service."

The letter from the Commission continued by asking for a timeline from the county for its acquisition of the Molokai water and wastewater systems so that the Commission could devise a suitable transition plan so that residents would have uninterrupted service.

The Commission concluded by asking what the County required from the utilities to be able to operate the systems.

To date neither this company, nor the utilities, have received any requests from you or the County Water Department. The only communications we have received are comments from your office that MPL's water systems did not meet county standards. We dispute this assertion and welcome the county's examination of the utilities' systems.

The utilities are hopeful that you will follow the direction of the Public Utilities Commission and as a matter of urgency begin "due diligence" on the utilities as soon as possible. The utilities remain willing to assist the county in this process.

We also note that the County is opposing an initiative by the PUC to provide the utilities with a rate increase. The PUC has sought this rate increase in order to give the utilities time to operate while the County takes over the systems. The County's position is counter-productive to its stated intention of having the utilities continue operation.

We ask that you review your position and support a measure that will allow the utilities to continue to operate past the end of August.

Very truly yours



Peter. A. Nicholas
Executive Director

CC: Public Utilities Commission
Senator D K Inouye
Senator D Akaka
Representative Mazie Hirono
Edward Kubo, US Attorney
Mark Bennett, Attorney-General
Councilman Danny Mateo
Abbey Mayer, State Department of Planning
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Tan Sri Quek Leng Chan.